

Message Text

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ACTION OPIC-06

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FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 7272

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E.O. 11652: N/A

TAGS: EINV, PFOR, US, MT

SUBJECT: GOM TO UTILIZE STANFORD RESEARCH INSTITUTE

REF: VALLETTA 0271,

1. ON MARCH 7, AMBASSADOR WAS REQUESTED BY MAURICE ABELA OF THE GOM FOREIGN MINISTRY TO SUPPORT PLANNED MALTESE EFFORTS TO ATTRACT U.S. INVESTMENT TO MALTA THROUGH UTILIZATION OF STANFORD RESEARCH INSTITUTE (SRI) ON A CONSULTATIVE BASIS.

2. ARRANGEMENT ENVISIONED BY THE GOM WAS SET FORTH IN A TELEX ON MARCH 3 TO SRI, REPEATED BELOW:

"AS PART OF ITS INTENSIVE INDUSTRIALIZATION PROGRAM THE MALTA GOVERNMENT NOW INTENDS TO ATTRACT INVESTMENT BY UNITED STATES FIRMS ON A MUCH LARGER SCALE THAN MALTA HAS EVER ATTEMPTED BEFORE. IT IS THE GOVERNMENT'S FIRM INTENTION TO SET UP AT LEAST FIFTEEN INDUSTRIAL PROJECTS ON A JOINT VENTURE BASIS BETWEEN AMERICAN COMPANIES AND MALTESE INTERESTS.

"IN ORDER TO SUCCEED IN REACHING THIS TARGET, THE MALTA GOVERNMENT IS PROPOSING TO ENGAGE THE SERVICES OF SPECIALIZED RESEARCH INVESTMENT PROMOTION INSTITUTIONS WHOSE TASK WILL BE SPECIFICALLY TO IDENTIFY AMERICAN

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PARTNERS WILLING TO INVEST IN MALTA ON A JOINT VENTURE BASIS AND TO CARRY OUT THE NECESSARY FEASIBILITY AND PRE-IMPLEMENTATION WORK UP TO THE LAUNCHING OF PROJECT STAGE. THE MALTA GOVERNMENT IS PROPOSING TO HAVE THE FEES FOR THESE SERVICES DIRECTLY DETERMINED BY THE SUCCESS AND RESULTS OF THE EXERCISE.

"IN VIEW OF YOUR PREVIOUS RELATIONS WITH MALTA IN

CONNECTION WITH THE TEXACO PROJECT, IT WILL BE APPRECIATED IF YOUR INSTITUTE WILL INDICATE EARLY IF IT IS WILLING TO PARTICIPATE IN THE EXERCISE AS INDICATED ABOVE."

3. THE SRI RESPONSE OF MARCH 4 WAS AS FOLLOWS:

"THANK YOU FOR YOUR TELEX INQUIRING ABOUT SRI'S WILLINGNESS TO PARTICIPATE IN YOUR PROGRAM TO ATTRACT INDUSTRIAL INVESTMENT. WE ARE VERY INTERESTED IN THIS PROGRAM AND FEEL THAT, BASED ON OUR EXPERIENCE WITH THE TEXACO PROJECT, WE COULD MAKE SIGNIFICANT CONTRIBUTIONS TO ITS SUCCESS.

"HOWEVER, SRI IS A NON-PROFIT CORPORATION, AND AS SUCH WE DO NOT HAVE FINANCIAL RESOURCES THAT WOULD PERMIT US TO CONDUCT FEASIBILITY STUDIES OR INVESTIGATE POTENTIAL JOINT VENTURE PARTNERS USING OUR OWN FUNDS, WITH PAYMENT OF OUR COSTS CONTINGENT UPON EVENTUAL RESULTS. WE WOULD BE INTERESTED IN PARTICIPATING IN OUR NORMAL CONTRACT BASIS. WE WOULD APPRECIATE YOUR ADVISING US WHETHER SUCH PARTICIPATION CAN BE ACCOMMODATED WITHIN YOUR PROGRAM. D.M. FINNIGAN/VICE PRESIDENT, INTERNATIONAL OPERATIONS."

4. IN RESPONSE TO ABELA'S REQUEST, THE AMBASSADOR SAID HE WOULD ASK THE DEPARTMENT TO INDICATE DIRECTLY TO SRI OUR AWARENESS OF THIS EXCHANGE AND OUR HOPE THAT RESULTS WOULD BE POSITIVE. ABELA SAID HE HOPED THAT WITH SOME INDICATION OF GENERAL USG APPROVAL OF CONCEPT HE MIGHT BE ABLE TO GET PRIME MINISTER TO AGREE TO FUNDING ARRANGEMENTS ALONG LINES SUGGESTED BY SRI.
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5. ACTION REQUESTED. WE WOULD BE GRATEFUL IF DEPARTMENT WOULD CONTACT SRI DIRECTLY AS INDICATED ABOVE. WE BELIEVE SRI COULD BE ADVISED THAT WHILE WE OBVIOUSLY ARE IN NO POSITION TO GIVE ANY CONCRETE ASSURANCE OF RESULTS, WE SENSE SOME GREATER DEGREE OF REALISM ABOUT THE NEED FOR FOREIGN AND PARTICULARLY U.S. INVESTMENT HERE SUFFICIENT TO MAKE IT WORTHWHILE FOR SRI TO TAKE ANOTHER LOOK AT EH SITUATION. WE ASSUME DEPARTMENT WILL ALSO WANT TO ADVISE SRI OF OUR GENERAL POLICY POSTURE HERE, INCLUDING OUR UNDERSTANDING AND SUPPORT OF MALTA'S EFFORTS TO BRING IN FOREIGN INVESTMENT OF THE KIND AND SCOPE NEEDED TO MEET THE 1979 CHALLENGE BUT ALSO OUR VIEW THAT THIS REQUIRES ABOVE ALL A STRONGER EFFORT BY THE GOM, INCLUDING STRENGTHENED INCENTIVES, A STRONG PR EFFORT, AND EQUITABLE TREATMENT OF U.S. INTERESTS.

6. FYI. WE APPRECIATE THE IMPORTANCE OF AVOIDING GETTING CAUGHT IN THE MIDDLE CONCERNING FUNDING ARRANGEMENTS.

IN THIS RESPECT ABELA INDICATED CONFIDENTIALLY
THAT ONE FUNDING ARRANGEMENT WOULD BE FOR GOM TO USE PART
OF THE UNEXPENDED BALANCE REMAINING FROM THE GOM-TEXACO
OIL EXPLORATION AGREEMENT, THE SAME SOURCE WHICH FINANCED
THE EARLIER SRI-MALTESE CONTRACT. END FYI.
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Message Attributes

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